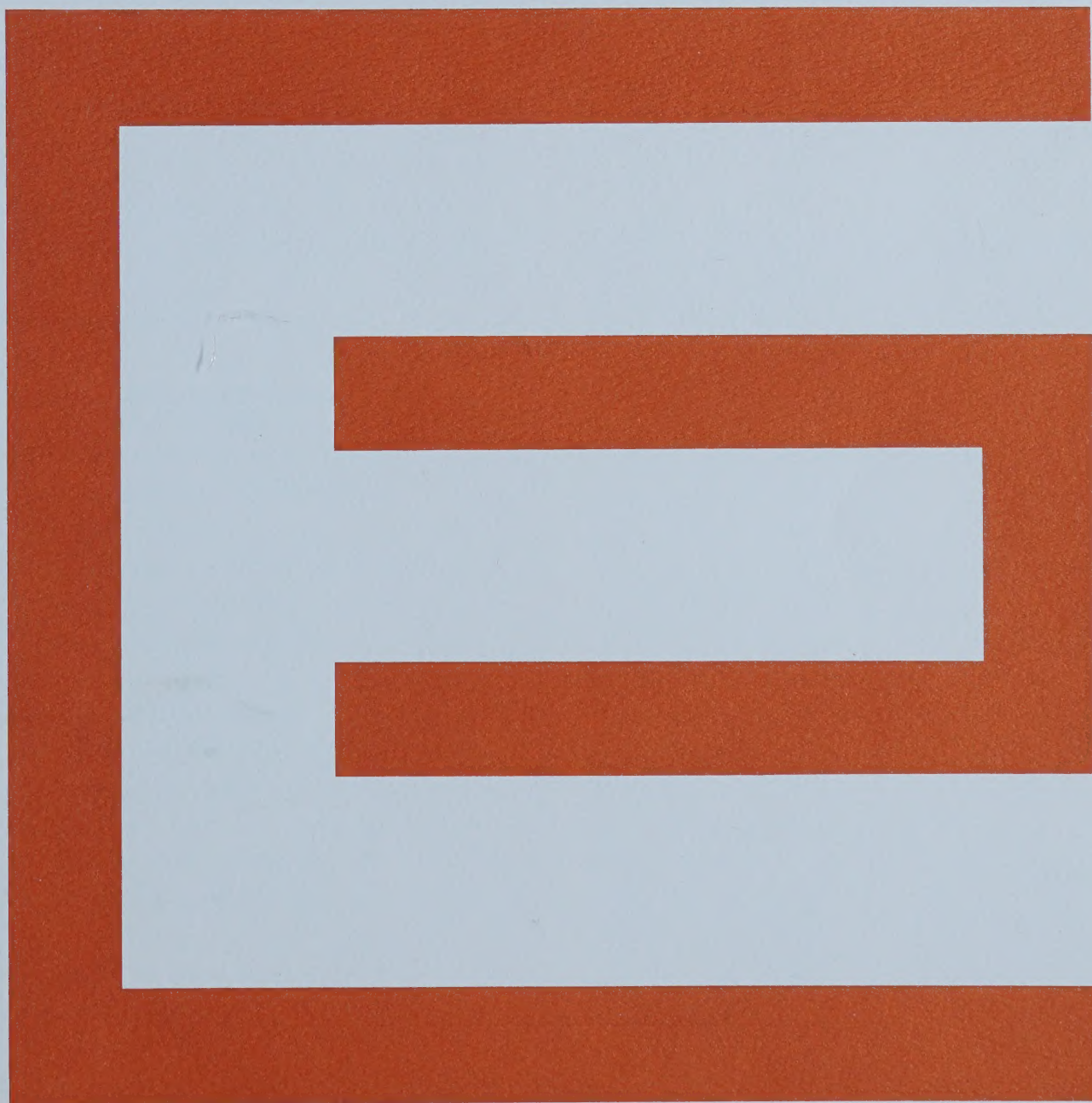


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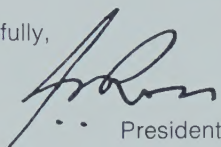
EQUITRUST MORTGAGE AND SAVINGS COMPANY

## EquiTrust

TO THE SHAREHOLDERS:

Herewith copy of our Annual Report for 1978 which was presented to, and approved and adopted at the annual general meeting held on 15th February, 1979.

Yours faithfully,



President

15th February, 1979  
One James Street South  
Hamilton, Canada





**EquiTrust**

## Financial Highlights

for the year ended December 31, 1978

The Equitable Trust Company  
Equitrust Mortgage and Savings Company

	1978	1977
Assets Owned .....	\$142,320,112	\$126,221,556
Estates, Trusts and Agencies Under Administration .....	60,779,599	34,145,487
Total Assets .....	203,099,711	160,367,043
Cash and Securities .....	21,031,239	19,491,055
Mortgages .....	110,207,229	98,011,879
Deposits, Debentures and Guaranteed Investment Certificates .....	131,823,880	115,792,719
Operating Income Before Income Taxes .....	335,772	904,660
Provision for (Recovery of) Income Taxes .....	(100,500)	275,300
Net Operating Income .....	436,272	629,360
Net Operating Income — Common Shares .....	221,538	428,310
Net Operating Income — Per Common Share .....	\$.31	\$.61
Gain (Loss) on Sale of Investments .....	96,614	(2,175)
Net Income .....	531,982	626,135
Net Income — Common Shares .....	318,152	426,135
Net Income — Per Common Share .....	\$.45	\$.60
Dividends — Preference Shares - A .....	200,000	200,000
- B .....	13,830	—
Dividends — Common Shares .....	176,782	166,179
Dividends — Per Preference Share - A .....	\$2.50	\$2.50
- B .....	\$.230	—
Dividends — Per Common Share .....	\$.250	\$.235
Shareholders' Equity .....	8,118,354	6,488,208

EQUITRUST MORTGAGE AND EQUITABLE TRUST WERE FEDERALLY INCORPORATED BY SPECIAL ACT OF THE PARLIAMENT OF CANADA AND BY LETTERS PATENT RESPECTIVELY, AND EACH IS LICENSED BY THE MINISTER OF FINANCE AND IS UNDER FEDERAL SUPERVISION.

BOTH EQUITRUST MORTGAGE AND EQUITABLE TRUST ARE MEMBERS OF THE CANADA DEPOSIT INSURANCE CORPORATION.

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## OFFICERS\*\*

SAM FOSTER ROSS, Q.C.  
President

WILLIAM VANALEN HOLTON  
Vice-President

WILLIAM ALAN MUIR, C.A.  
General Manager

FRED SMYTH PAUL  
Assistant General Manager,  
Mortgage and Property Investments

JAMES NEIL WALTON  
Assistant General Manager,  
Branches and Administrative Services

CHARLES ANDREW GUNN  
Assistant General Manager,  
Trust and Personal Services

ALAN JAMES SEAGO, C.A.  
Treasurer

W. RICHARD ZIEMSKI, C.A.  
Comptroller

DONALD JOSEPH USSELMAN  
Supervisor-Savings and Branches

JAMES GRIBBEN MILLIGAN  
Secretary

PAUL DAVID PARADIS  
Assistant Secretary

## DIRECTORS\*\*

\*FRANK WILTON BAILLIE, Oakville  
President/Lawrence Motors (Davenport)  
Limited

W. ALLAN CAMPBELL, Q.C., Oakville  
Partner/Hamilton, Torrance

‡J. IAN CROOKSTON, Toronto  
Financial Consultant

‡DONALD EDWARD DUNN, C.A., Dorval,  
Vice-President—Finance/Henry Birks  
& Sons Ltd.

HUGH STRATHEARN HENDRIE, Burlington  
Company Director

\*‡WILLIAM VANALEN HOLTON, Burlington  
Chairman of the Board/Glendale Spinning  
Mills Limited

‡JAMES ROBERT ALEXANDER LANGS, Hamilton  
President/Long Credon Holdings Limited

WILLIAM ALAN MUIR, C.A., Hamilton  
General Manager

STEWART PHILP, Hamilton  
Company Director

\*MURRAY PROCTOR, Hamilton  
President/Murray Proctor Industries

ANDREWS FOSTER ROSS, Hamilton  
Vice-President and General Manager/Fidelity  
Management Limited

\*SAM FOSTER ROSS, Q.C., Dundas  
Partner/Ross & McBride

HENRY GEORGE THODE, C.C., Ph.D., F.R.S.,  
Lynden. Professor of Chemistry/McMaster  
University

\*ROBERT THOMSON, Montreal  
Financial Consultant

\*‡HENRY JAMES MICHAEL WATSON, Hamilton  
Comptroller/The Steel Company of Canada, Limited

\*Member of the Executive Committee.

‡Member of the Audit Committee.

\*\*The Directors and Officers of the Company and of  
The Equitable Trust Company are the same persons.



We submit herewith for your information and consideration our Annual Report for 1978, including the consolidated audited financial statements of Equitrust Mortgage and Savings Company and its Subsidiaries, The Equitable Trust Company and Equitrust Real Estate Holdings Limited.

## RESULTS OF OPERATIONS AND NET INCOME

1978 was a difficult year in the mortgage and trust industry. An examination of the condensed, consolidated financial information provided by our quarterly reports to you during the year will illustrate this to some extent.

First quarter results were generally satisfactory and produced a 17% net increase in our net profits over the previous year, after provision for income taxes. Interest rates were steady and our margins were generally satisfactory.

Half-yearly results produced a decrease in the second quarter profits compared to the first quarter and to the previous year. Furthermore, there were indications that problems were arising which might continue throughout the year and increasingly adversely affect our profits further. Such problems included rising interest rates, a reducing demand for mortgage loans and narrowing profit margins. There was also an abnormal increase in delinquent monthly payments on our mortgage loans. Difficulties appeared in several commercial loans, and the accrual of interest thereon was discontinued.

Results for the nine months produced a decrease in quarterly profits for the third quarter compared to the second quarter. Final results for the year produced a decrease in the final quarter.

There were four main causes for the reduction in profits in the last three quarters of the year. Firstly, the steady rise of interest rates (during the year interest rates were

increased by the Bank of Canada a record seven times); secondly, the substantial decrease in demand for mortgage loans which not only created difficulty in investing our funds, but also narrowed the spreads between the cost of money and rate of return, thirdly, several commercial loans which appeared to be troublesome during the second quarter produced losses during the third and fourth quarters, and fourthly, several of the previously mentioned delinquencies in mortgages were considered uncollectable and were written off.

By the end of the year, investment margins had narrowed further and the demand for mortgage product had declined to such an extent that mortgage lending was at a minimum.

The foregoing problems, particularly the losses suffered in connection with several commercial and mortgage loans and the discontinuance of interest payments in respect of several other commercial loans, reduced our operating income considerably. However, recovery of income taxes paid in previous years increased our net operating income for the year to \$436,272 compared to \$629,360 for 1977. Furthermore, a substantial net gain on sales of securities increased our net income for the year to \$531,982 compared to \$626,135 for 1977. After deducting dividends paid on our outstanding preference shares, the net income on common shares was \$318,152 or 45¢ per share compared to \$426,135 or 60¢ per share for 1977.

## ASSET GROWTH

Our assets as at 31st December 1978 (not including estates, trusts and agencies) amounted to approximately \$142.3 million which represents a lower-than-average increase of approximately 13% for the year, compared to 20% for the previous year. The lower increase resulted primarily from the reduction in our mortgage activity. Total assets, including estates, trusts and agencies,



showed a 27% increase to approximately \$203.1 million compared to \$160.4 million at 31st December 1977.

#### PRIVATE PLACEMENT OF \$1.5 MILLION PREFERENCE SHARES

In order to meet our capital requirements over the next few years as our assets increase, we completed in November, a \$1.5 million private placement of preference shares which was purchased by our Bankers. Such preference shares rank, *pari passu* with the existing \$2 million issued and outstanding 10% convertible preference shares and bear a floating interest rate dependent upon and related to the bank prime lending rates. The basic rate is  $\frac{1}{2}$  of bank prime as it may be from time to time, plus  $1\frac{1}{2}\%$ . Such issue is redeemable and matures in reasonable amounts yearly over a ten-year period, with redemptions commencing in 1981.

#### ANALYSES OF INVESTMENTS AND DEBENTURE AND GUARANTEED INVESTMENT CERTIFICATE MATURITIES

As in previous years and in accordance with our established policy, our Annual Report again contains analyses of our investments and debentures and guaranteed investment certificate maturities. These analyses are set forth in detail on pages 11 to 13 of this report.

#### DEPOSITS, DEBENTURES AND GUARANTEED INVESTMENT CERTIFICATES

Demand and short term deposits by the public increased during the year by approximately 5% to \$39.4 million (1977 - \$37.4 million) and the amount of our outstanding debentures and guaranteed investment certificates increased approximately 18% to \$92.4 million. Taken together, our borrowings by way of deposits, debentures and G.I.C.'s during the year increased approximately 14% to \$131.8 million (1977 - \$115.8 million).

#### MORTGAGE PORTFOLIO

Our mortgage portfolio continues in good condition. As is common in the industry today, an increased number of our mortgages are in default for non-payment of interest, the large majority of which are in default for less than three months. As you will see on page 13 of this report, there are 31 mortgages under power of sale and 38 mortgages (in which are included the 31 under power of sale) in respect of which monthly payments due up to and including 31st December 1978 have not been received. There is no indication nor do we expect any loss from the 31 mortgages under power of sale inasmuch as there is more than adequate equity and/or insurance behind each mortgage. Similarly, we do not expect any loss to arise from the 38 mortgages (in which are included the 31 under power of sale) which are more than one month delinquent in monthly payments. In the result, of our 2,407 mortgages loans, there are 38 mortgages (or less than 2%) presently in arrears. Except for losses suffered and written off aggregating \$86,900 in respect of seven loans, we do not expect to suffer any additional losses, which is probably considerably better than the average situation in mortgage portfolios today. However, it is not just the losses which are a problem. Economic conditions have made it difficult for many mortgagors to meet their monthly mortgage payments each month with regularity and a great many mortgagors, from time to time have temporarily gone into arrears for one or two months. However, the time and energy involved in watching these arrears is enormous and costly. This condition is unavoidable in times like these and is common in the mortgage industry. We expect this situation will continue throughout 1979.

A five-year comparative percentage breakdown of our mortgage portfolio with respect to class of security and aggregate loan amounts, numbers of loans, average sizes of loans and portfolio yield is set forth in the following box:

#### MORTGAGE PORTFOLIO ANALYSIS

	Single Family Dwellings	Multiple Dwellings	Commercial & Industrial	Total
	%	%	%	%
1974.....	61.4	29.1	9.5	100.0
1975.....	59.0	29.1	11.9	100.0
1976.....	59.8	27.4	12.8	100.0
1977.....	55.6	28.8	15.6	100.0
1978.....	55.7	27.4	16.9	100.0

	Number of Loans	Average size of Loans	Portfolio Yield
		\$	%
1974.....	2,190	29,503	9.81
1975.....	2,149	32,932	10.08
1976.....	2,208	36,030	10.58
1977.....	2,326	41,783	10.61
1978.....	2,407	45,357	10.56

#### INVESTMENT IN SECURITIES

You will note that our securities investment portfolio remained at approximately the same level as 1977. Our bond portfolio was practically unchanged, our short-term investment reduced considerably and our stocks (mostly preference shares of leading Canadian corporations) increased from \$5.7 million to \$9 million. This increase resulted from purchases of additional preference shares to meet the dividend payments on our new preference share issue and purchase of an issue of preference shares by Fidelity Realty Limited, as mentioned in Note 2 to the Financial Statements.

As previously mentioned, we disposed of a portion of our preference share portfolio at a net profit of \$96,614 which assisted in our final operating results.

#### RESULTS OF THE EQUITABLE TRUST COMPANY

The operations of The Equitable Trust Company for 1978 provided an operating income before taxes of \$226,332 for 1978 (compared to \$269,054 for 1977) and a net income after taxes and all other charges of \$122,332 for 1978 (compared to \$141,854 for 1977). The decline in profits was entirely caused by narrowing margins resulting from increased interest costs. Fees and commissions from trust operations continued to increase at a satisfactory rate. These results are included in our consolidated financial statements.

You will also note, in the financial highlights on page one, that we achieved a satisfactory increase in total assets under administration (from \$34.1 million in 1977 to \$60.8 million in 1978, an increase of 78%) which will contribute to increased profits in the future. We are pleased to report that in 1978 there was again a marked increase in Equitable's business activity, administration and growth and we expect this will provide an increasing contribution to Equitable's profit.

#### BRANCH EXPANSION

Our Cambridge branch, which was opened in February of 1978 has been developing at a generally satisfactory pace but, of course, new branches are costly and cannot be expected to contribute towards profits for at least the first four to five years. As many of you might know, our Undermount Branch in Hamilton which was very overcrowded was moved to 200 James Street South to a new ground floor and larger location which we believe will add to the future profits of that particular branch. For the time being, we are curtailing any thoughts of additional expansions until the economic climate improves.



#### EQUITRUST TOWER

We are pleased to report that full, tenancy occupancy of EquiTrust Tower has continued. In addition, the results for 1978 have provided a reasonable increase in profits over 1977 and we and our partner, Henry Birks & Sons Limited, are pleased to report that our joint investment is continuing as an eminently satisfactory one.

#### EQUITRUST REAL ESTATE HOLDINGS LIMITED

Present economic conditions with respect to real estate development curtailed the activities of Equitrust Real Estate Holdings Limited during the year. We do not expect that this activity will increase to any great extent during 1979 unless unexpected opportunities become available.

#### DIVIDENDS

Dividends paid during 1978 on common shares totalled 25¢ per share, an increase from 23.5¢ per share in 1977.

#### OUTLOOK FOR 1979

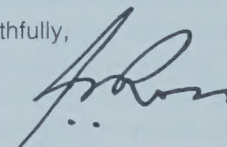
In our report last year, we stated that 1978 would be a difficult year in the mortgage and real estate fields and this was one prognostication which was correct. We expect that this situation will continue throughout most, if not all of 1979. There is still a large inventory in Canada of unsold homes, prices are rising and there is high unemployment.

In the result, we feel that 1979 will be a difficult year for our industry. This situation can only improve as a result of an improvement in the economy, accompanied by declining interest rates and wider margins on our investments.

The Directors, Executives and all other employees of the Company were saddened, deeply, to learn of the death in November of John Hyslop Luxton, one of our original Directors, an eminent gentleman, highly regarded and beloved by his fellow Executives at The Mutual Life Assurance Company of Canada and all others who knew him in all walks of life. It is with a feeling of deep regret that we record his demise and extend to Mrs. Luxton our deepest sympathy.

In conclusion, I again publicly acknowledge the tireless, faithful and capable assistance and effort so cheerfully contributed by all employees of the Company during the past year.

Yours faithfully,



SAM FOSTER ROSS,  
President.

On Behalf of the Board,  
15th February 1979,  
Hamilton, Canada.



# Consolidated Statement of Income

for the year ended December 31, 1978

	1978	1977
<b>INCOME</b>		
Investments—Mortgages and other loans .....	\$ 11,650,770	\$ 9,994,490
—Securities (Note 3) .....	1,575,717	1,226,280
Fees and commissions .....	158,632	113,231
Other .....	100,971	103,730
	<u>13,486,090</u>	<u>11,437,731</u>
<b>EXPENSE</b>		
Interest on deposits .....	10,420,285	8,532,699
Salaries and staff benefits .....	1,152,095	972,997
Depreciation and amortization .....	42,294	31,556
Other (Note 6) .....	1,535,644	995,819
	<u>13,150,318</u>	<u>10,533,071</u>
<b>OPERATING INCOME BEFORE INCOME TAXES .....</b>	<u>335,772</u>	<u>904,660</u>
<b>PROVISION FOR (RECOVERY OF) INCOME TAXES</b>		
Current .....	(45,300)	159,800
Future .....	(55,200)	115,500
	<u>(100,500)</u>	<u>275,300</u>
<b>NET OPERATING INCOME</b>	436,272	629,360
Net Gain (Loss) on Sale of Investments after Applicable Income Taxes .....	96,614	(2,175)
<b>NET INCOME before minority interest .....</b>	532,886	627,185
Minority interest in net income of subsidiary .....	904	1,050
<b>NET INCOME FOR THE YEAR (Note 7) .....</b>	<u>\$ 531,982</u>	<u>\$ 626,135</u>

## ASSETS

	1978	1977
Cash and demand deposits	\$ 7,973,865	\$ 6,237,808
Securities—at cost		
Bonds (Market: 1978—\$2,345,390; 1977—\$2,442,333)	2,557,900	2,556,430
Short-term notes	1,482,827	5,009,707
Stocks (Market: 1978—\$9,107,703; 1977—\$5,979,500) (Note 2)	9,016,647	5,687,110
	<u>13,057,374</u>	<u>13,253,247</u>
Loans		
Demand loans	8,130,949	6,194,848
Mortgages	110,207,229	98,011,879
	<u>118,338,178</u>	<u>104,206,727</u>
Investment in corporate joint venture (Note 3)	854,471	828,577
Investments in real estate— at cost	824,798	807,848
Other assets — at cost	733,340	622,722
Income taxes recoverable	55,705	—
Fixed assets—at cost, less accumulated depreciation and amortization	482,381	264,627
	<u>\$142,320,112</u>	<u>\$126,221,556</u>

We hereby certify that to the best of our knowledge and belief the consolidated balance sheet at December 31, 1978 and the accompanying consolidated statements of income, general reserve and retained earning for the year then ended are correct and show truly and clearly the financial condition of the companies' affairs and the results of their operations.

S. F. ROSS  
W. V. HOLTON  
H. S. HENDRIE

President

} Directors



## LIABILITIES

	1978	1977
Deposits		
Demand .....	\$ 25,049,022	\$ 22,580,337
Deposit receipts .....	14,391,135	14,852,638
Debentures and Guaranteed Investment Certificates	92,383,723	78,359,744
	<u>131,823,880</u>	<u>115,792,719</u>
Other liabilities		
Unadvanced portions of mortgages .....	896,947	2,453,800
Income taxes payable .....	—	29,032
Other .....	792,536	715,106
	<u>1,689,483</u>	<u>3,197,938</u>
Minority interest in net assets of consolidated subsidiary .....	12,364	11,460
Provision for future income taxes .....	<u>676,031</u>	<u>731,231</u>

## SHAREHOLDERS' EQUITY

Capital stock (Note 4) .....	6,328,572	4,828,572
General reserve (Note 5) .....	1,650,000	1,500,000
Retained earnings .....	139,782	159,636
	<u>8,118,354</u>	<u>6,488,208</u>
	<u>\$142,320,112</u>	<u>\$126,221,556</u>

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Equitrust Mortgage and Savings Company as at December 31, 1978 and the consolidated statements of income, general reserve and retained earnings for the year then ended and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1978 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

COOPERS & LYBRAND  
Chartered Accountants

Hamilton, January 22, 1979

# Consolidated Statement of General Reserve and Retained Earnings

for the year ended December 31, 1978

## GENERAL RESERVE

	1978	1977
Balance—Beginning of year	\$ 1,500,000	\$ 1,250,000
Appropriation from retained earnings	161,224	250,000
	<u>1,661,224</u>	<u>1,500,000</u>
Cost of issuing preference shares	11,224	—
Balance—End of Year	<u>\$ 1,650,000</u>	<u>\$ 1,500,000</u>

## RETAINED EARNINGS

Balance—Beginning of year	\$ 159,636	\$ 149,680
Net income for the year	531,982	626,135
	<u>691,618</u>	<u>775,815</u>
Deduct: Dividends—Preferred - A	200,000	200,000
- B	13,830	—
Common	176,782	166,179
Appropriation to general reserve	161,224	250,000
	<u>551,836</u>	<u>616,179</u>
Balance—End of year	<u>\$ 139,782</u>	<u>\$ 159,636</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### Principles of Consolidation

These consolidated financial statements include the accounts of the company and its subsidiaries, The Equitable Trust Company which is 99.4% owned and Equitrust Real Estate Holdings Limited which is wholly-owned.

The investment in a corporate joint venture is accounted for on the equity basis.

#### Fixes Assets

Fixed assets are stated at cost. Depreciation is provided for furniture and fixtures on a straight-line basis over a period of eight years. Leasehold improvements are amortized over the remaining terms of the leases.

### 2. INVESTMENT IN FIDELITY REALTY LIMITED

Included in securities - stocks is \$1,974,150 of preferred shares of Fidelity Realty Limited received during the year as consideration for the sale to Fidelity of \$1,974,150 of mortgages.

### 3. INVESTMENT IN CORPORATE JOINT VENTURE

The company's share of the net income of the corporate joint venture of \$60,293, including \$35,000 dividends on preference shares, is included with income from securities in the statement of income.

### 4. CAPITAL STOCK

#### Authorized

200,000 Cumulative, redeemable preference shares with a par value of \$25 each

2,500,000 Common shares with a par value of \$4 each

Issued	1978	1977
80,000 Series A preference shares	\$2,000,000	\$2,000,000
60,000 Series B preference shares	1,500,000	—
707,143 Common shares	<u>2,828,572</u>	<u>2,828,572</u>
	<u>\$6,328,572</u>	<u>\$4,828,572</u>

The Series A preference shares bear an interest rate of 10% per annum and are redeemable after June 30, 1981 at the par value of \$25 each plus a premium of \$1.50 per share reducing by \$.25 per share annually. Each Series A preference share is

convertible into 4½ common shares to June 1, 1982 and 3½ common shares thereafter to June 1, 1986.

The Series B preference shares were issued during the year for cash. Dividends are payable quarterly at the rate of 1½% plus one-half bank prime rate per annum with additional dividends accruing at the same rate on any unpaid dividends. A minimum number of shares are redeemable at their par value of \$25 each on October 31 each year, commencing in 1981, as indicated below:

1981	3,000
1982-1984	6,000
1985-1987	9,000
1988	Balance then outstanding

### 5. GENERAL RESERVE

Included in general reserve is contributed surplus of \$394,141 (1977 — \$405,365) representing the premium on issue of shares less costs and applicable income taxes.

### 6. OTHER EXPENSES

Included in other expenses are losses and provisions for losses on loans of \$344,317. The recovery of income taxes relating to this expense is \$168,700 leaving a net expense after tax of \$175,617.

### 7. INCOME PER COMMON SHARE

The income per share figures are calculated using the weighted daily average number of shares outstanding and after providing for preference share dividends.

1978	1977
<u>\$ .45</u>	<u>\$ .60</u>

### 8. GUARANTEED TRUST ACCOUNT

Included in total assets are assets held for the guaranteed trust account of \$31,547,745 (1977 — \$26,010,034) securing the guaranteed trust liabilities of \$31,547,745 (1977 — \$26,010,034).

### 9. LONG-TERM LEASE COMMITMENTS

Minimum annual commitments under leases of a duration of more than five years total \$181,091.

### 10. REMUNERATION OF DIRECTORS AND OFFICERS

The aggregate direct remuneration paid or payable to the directors and officers during the year amounted to \$319,070 (1977 — \$292,858).



## CASH AND DEMAND DEPOSITS

Cash on hand and in the bank .....	\$ 596,101
Demand deposits with chartered banks .....	7,377,764
	<u>\$ 7,973,865</u>

## SECURITIES

	Par	Market	Cost (Including amortized discount)
<b>BONDS</b>			
Government of Canada .....	\$1,475,000	\$1,401,475	\$1,471,719
Canadian Provinces .....	325,000	249,578	323,967
Canadian Municipalities .....	15,000	12,897	14,217
Canadian Corporations .....	700,000	632,876	699,433
	<u>2,515,000</u>	<u>2,296,826</u>	<u>2,509,336</u>
Accrued interest .....	48,564	48,564	48,564
	<u>\$2,563,564</u>	<u>\$2,345,390</u>	<u>\$2,557,900</u>

## SHORT-TERM NOTES

Short-term notes of Canadian Corporations and Financial Institutions	
— Due January 22, 1979 .....	\$ 982,786
— Due March 23, 1979 .....	487,365
	<u>1,470,151</u>
Accrued interest .....	12,676
	<u>\$ 1,482,827</u>

## STOCKS

	Market	Cost
—Preferred .....	\$ 7,538,680	\$ 7,495,062
—Common .....	1,481,473	1,434,035
	<u>9,020,153</u>	<u>8,929,097</u>
Accrued dividends .....	87,550	87,550
	<u>\$ 9,107,703</u>	<u>\$ 9,016,647</u>

## LOANS

### DEMAND LOANS

Secured loans to Investment Dealers .....	\$ 500,000
Secured loans and advances to customers * .....	7,526,889
	<u>8,026,889</u>
Accrued interest .....	104,060
	<u>\$ 8,130,949</u>

\* As at December 31, 1978 there was one unsecured loan aggregating \$3,157. in default. Principal and interest payments on all other loans have been made as agreed upon.

## MORTGAGES

### PRINCIPAL BALANCE AND YIELD

2,407 loans with an average yield of 10.56%	
(December 31, 1977 — 10.61%) .....	\$109,174,742
Less provision for estimated losses .....	<u>86,900</u>
	109,087,842
Accrued interest .....	<u>1,119,387</u>
	<u><u>\$110,207,229</u></u>

### MATURITIES

	Amount	Percentage
1979 .....	\$ 27,019,365	24.7
1980 .....	13,639,901	12.5
1981 .....	27,946,740	25.6
1982 .....	21,899,396	20.1
1983 .....	17,806,160	16.3
1984-1988 .....	175,770	.2
Beyond 1988 .....	687,410	.6
	<u>\$109,174,742</u>	<u>100.0</u>

### CLASS OF SECURITY

	Number of loans	Amount	Percentage
Single Family Dwellings			
Under \$10,000 .....	167	\$ 1,155,890	1.1
Between \$10,000 - \$20,000 .....	462	7,183,418	6.6
Between \$20,000 - \$40,000 .....	1,018	30,507,821	27.9
Over \$40,000 .....	436	21,916,959	20.1
	<u>2,083</u>	<u>60,764,088</u>	<u>55.7</u>
Multiple Dwellings			
Under \$50,000 .....	31	1,010,856	.9
Between \$50,000 - \$100,000 .....	41	2,958,838	2.7
Between \$100,000 - \$200,000 .....	34	6,111,457	5.6
Over \$200,000 .....	56	19,894,841	18.2
	<u>162</u>	<u>29,975,992</u>	<u>27.4</u>
Commercial and Industrial			
Under \$50,000 .....	49	1,585,245	1.4
Between \$50,000 - \$100,000 .....	59	4,706,782	4.3
Between \$100,000 - \$200,000 .....	32	4,549,310	4.2
Over \$200,000 .....	22	7,593,325	7.0
	<u>162</u>	<u>18,434,662</u>	<u>16.9</u>
Average loan amount — \$45,357 .....	<u>2,407</u>	<u>\$109,174,742</u>	<u>100.0</u>



as at December 31, 1978

## GEOGRAPHICAL LOCATION

	Number of Loans	Amount
Hamilton and area	771	\$33,097,937
Brantford and area	316	10,731,329
Burlington and area	244	11,699,320
Guelph and area	331	16,196,902
Niagara Peninsula and area	148	8,189,718
Brampton - Oakville and area	118	6,118,641
Toronto and area	350	16,964,968
Georgian Bay and area	63	1,777,128
Simcoe and area	26	765,393
Caledonia and area	35	2,141,055
London and area	3	1,263,262
Sudbury	2	229,089
	<u>2,407</u>	<u>\$109,174,742</u>

## UNADVANCED PORTIONS OF LOANS

The aggregate sum of \$896,947 remains to be advanced in respect of sixty-one loans.

## OUTSTANDING LOAN COMMITMENTS

A total of nine loans having an aggregate principal amount of \$1,016,630 have been committed by the Companies on which no funds have been advanced.

## ADMINISTRATION

### Method of Payment

Substantially all loans are repayable by combined monthly payments of principal, interest and taxes. The principal

payments are based on fifteen to thirty year amortization plans, except for one loan which is amortized over thirty-five years.

### Taxes

As of January 31, 1979, all taxes billed to cover taxes due up to and including December 31, 1978 have been paid on all properties secured by the loans.

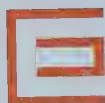
### Delinquencies

There are thirty-one mortgages under power of sale action.

As at January 31, 1979 all mortgage payments due up to and including December 31, 1978 have been received except for payments aggregating \$87,164 in respect of thirty-eight mortgages, including the mortgages under power of sale action.

## ANALYSIS OF DEBENTURE AND GUARANTEED INVESTMENT CERTIFICATE MATURITIES

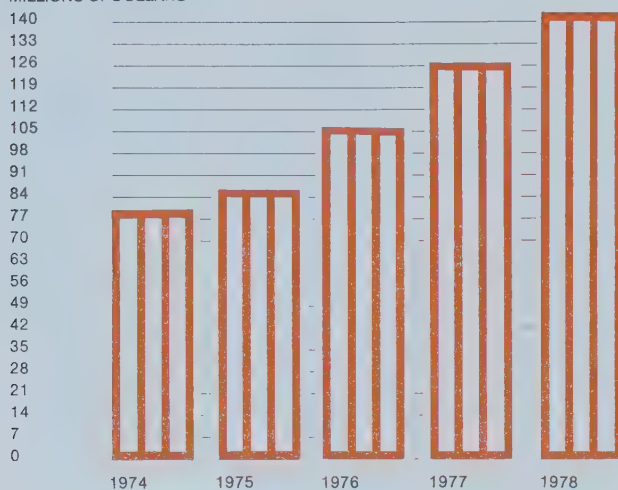
	Amount	Percentage
1979	\$20,875,431	24.2
1980	11,932,900	13.9
1981	16,498,597	19.2
1982	16,990,197	19.7
1983	19,812,074	23.0
Beyond 1983	18,300	—
	<u>86,127,499</u>	<u>100.0</u>
Accrued interest	6,256,224	
	<u>\$92,383,723</u>	



**EquiTrust**

### TOTAL ASSETS OWNED

MILLIONS OF DOLLARS



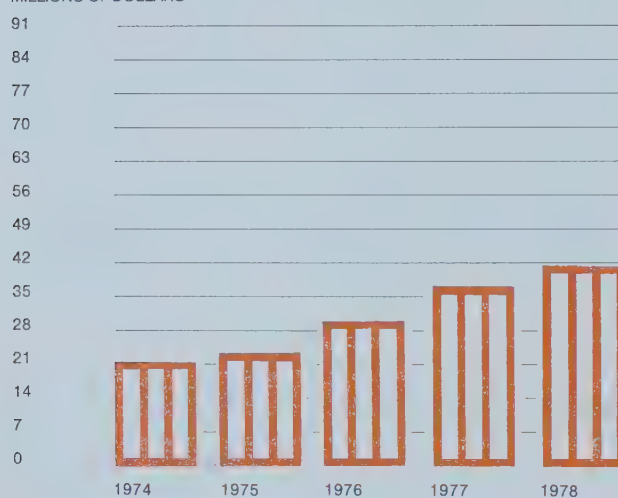
### MORTGAGES

MILLIONS OF DOLLARS



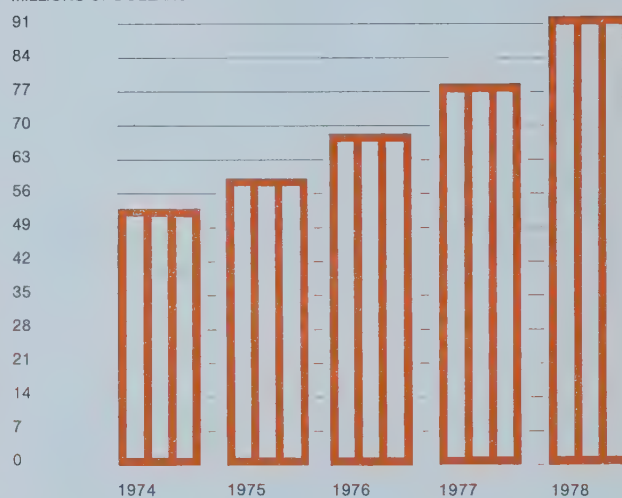
### DEMAND DEPOSITS AND DEPOSIT RECEIPTS

MILLIONS OF DOLLARS



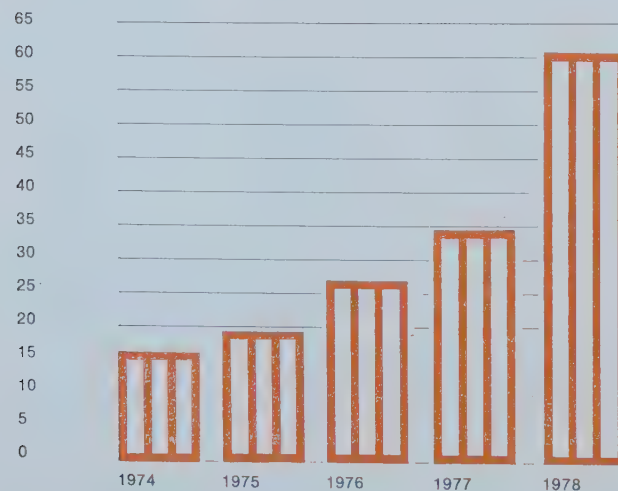
### DEBENTURES AND GUARANTEED INVESTMENT CERTIFICATES

MILLIONS OF DOLLARS



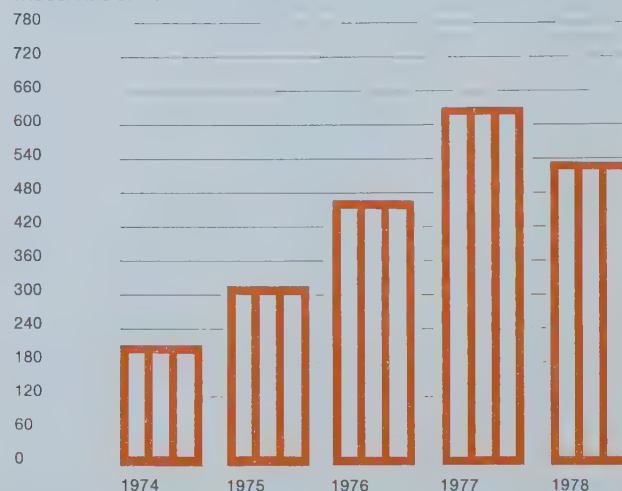
### ESTATES, TRUSTS AND AGENCIES

MILLIONS OF DOLLARS



### NET INCOME AFTER TAXES

THOUSANDS OF DOLLARS





## SAVINGS ACCOUNTS

Interest is paid on savings accounts calculated on your minimum monthly balance and credited to your account each April 30th and October 31st. The interest rate currently being paid may be ascertained by enquiry at any of the company's offices.

## CHEQUING ACCOUNTS

Interest is paid on all chequing accounts having a minimum half-yearly balance of \$500. No service charges are applied on accounts maintaining such balances. Monthly statements along with cancelled cheques are available to customers requiring them.

## CURRENT ACCOUNTS

Interest is paid on current accounts on the minimum half-yearly balance. Statements and cancelled cheques are available on the first business day of each month. Where adequate balances are maintained there is no charge for the issuance of cheques.

## DEBENTURES AND GUARANTEED INVESTMENT CERTIFICATES

Interest paid at competitive rates (presently up to 10¼%) on terms from 1 to 5 years. Minimum amount \$500. Interest is paid half-yearly or may be compounded and paid at maturity. Interest may also be paid monthly on amounts over \$5,000. Debentures and G.I.C.'s may be cashed at par in the event of the death of the holder, at the option of his or her personal representative.

## CONSUMER LOANS

Consumer loans are now available for our customers who wish to purchase automobiles, furniture, etc. on the instalment purchase plan. Interest rates on these loans are competitive with other financial institutions offering this facility.

## TRUSTEE INVESTMENTS

Deposit Receipts, Debentures and G.I.C.'s are authorized Trustee investments. Trustees may open trust savings or trust chequing accounts with the Company for surplus funds.

## SAFETY DEPOSIT BOXES

These are available to our customers at reasonable rates and may be used for the safekeeping of securities, valuable documents or personal articles.

## FIRST MORTGAGE LOANS

First mortgage loans are readily available at current rates to assist in the purchase of your new home or for building, remodelling, refinancing or consolidation of outstanding debts.

## REAL ESTATE APPRAISALS

Our qualified appraisal staff is available to appraise your property for all purposes.

## REAL ESTATE SALES AND PURCHASES

The qualified staff of Fidelity Realty Limited is available to advise and assist in sales or purchases of residential properties and with respect to acquisitions and sales of commercial and realty investment properties.

## PROPERTY MANAGEMENT

Our management staff is available to manage your revenue producing properties.

## INVESTMENT MANAGEMENT ACCOUNTS

This is a service designed to assist in the care and management of your investments. With this service you will receive on a continuing basis the expert advice of our Investment Committee and this advice will be tailored to your needs and personal objectives.

## INVESTMENT CUSTODIANSHIP ACCOUNTS

This service is designed for those who wish to actively supervise their own investment portfolios but who also wish to relieve themselves of the record keeping and other routines entailed in an investment portfolio.

## TRUST SERVICES

Estate planning  
Executor and Trustee  
Inter vivos trusts  
Registered Retirement Savings Plans  
Pension Funds administration  
Religious, Educational and Charitable  
Funds administration  
Registered Home Ownership Savings Plans  
Deferred Profit Sharing Plans  
Registrar and Transfer Agent  
Bond Trustee

## SUNDRY SERVICES

The Companies offer the many other financial and trust services available elsewhere including save by mail facilities, travellers cheques, foreign remittances, money orders, etc.

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## HEAD OFFICE

Sixteenth Floor, EquiTrust Tower,  
One James Street South, Hamilton, Canada

## EXECUTIVE OFFICES

Second Floor, EquiTrust Tower  
One James Street South, Hamilton, Canada

## BRANCHES

### HAMILTON:

2 King Street East  
Charles V. Baker, Manager

200 James Street South  
Mrs. D. C. Dixon, Manager

### BURLINGTON:

502 Brant Street at Caroline  
David O. Tarrington, Manager

### BRANTFORD:

28 Market Street at Dalhousie  
O. Risebrough, Manager

### CAMBRIDGE:

89 Main Street  
James A. Scott, Manager

### GUELPH:

54 St. George's Square  
J. H. A. Myles, Manager











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**EquiTrust**

Members Canada Deposit Insurance Corporation

## Services and Facilities

- Savings Accounts
- Chequing Accounts
- Current Accounts
- Debentures and Guaranteed Investment Certificates
- Consumer Loans
- Trustee Investments
- Safety Deposit Boxes
- First Mortgage Loans
- Real Estate Appraisals
- Real Estate Sales and Purchases
- Property Management
- Investment Management Accounts
- Investment Custodianship Accounts
- Trust Services

## Offices

### HEAD OFFICE

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### EXECUTIVE OFFICES

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One James Street South, Hamilton, Canada

### BRANCHES

#### HAMILTON:

EquiTrust Tower, 2 King Street East  
H. B. Fullerton, Manager

Undermount Building, 143 James Street South  
Mrs. D. C. Dixon, Manager

#### BURLINGTON:

502 Brant Street at Caroline  
Charles V. Baker, Manager

#### BRANTFORD:

28 Market Street at Dalhousie  
O. Risebrough, Manager

#### CAMBRIDGE:

89 Main Street  
James A. Scott, Manager

#### GUELPH:

54 St. George's Square  
J. H. A. Myles, Manager



**EquiTrust**

The Equitable Trust Company  
Equitrust Mortgage and Savings Company

## Report to Shareholders

**Second Quarter  
Six Months Ended  
30 June, 1978**





## EquiTrust

### TO OUR SHAREHOLDERS:

Included herewith is Condensed Financial Information (unaudited) in respect of the six months ended 30th June, 1978 with comparative information for the same period of 1977.

After deducting all expenses, charges and income taxes (including current taxes and a transfer to income tax reserve) and a provision for the half-yearly dividend on the outstanding preference shares of the Company, our net profit was \$222,063 or 31¢ per common share which compares with a net profit of \$221,981 or 31¢ per common share for the same period of 1977.

At the May meeting of the Board, the Directors declared a preference share dividend of 62½¢ per share for the second quarter on the Series A preference shares which was paid on the 1st day of July 1978 to Series A preference shareholders of record at the close of business on the 16th day of June, 1978. At the June meeting of the Board, the Directors declared a common share dividend of 5½¢ per share for the second quarter which was paid on the 14th day of July, 1978 to common shareholders of record at the close of business on the 30th day of June, 1978.

Our new branch at Cambridge is developing quite satisfactorily. The costs incurred in opening and operating such branch are generally in line with our budget. We are

actively looking for additional locations for new branches and several are presently under consideration.

In common with other mortgage lenders, we are experiencing difficulty in obtaining sufficient mortgage applications to meet our requirements. Recently, however, we were in a position to purchase a fairly large block of fully advanced insured mortgages from Ontario Mortgage Corporation which will be of benefit and will assist in meeting our mortgage requirements for the year.

General economic conditions have created problems in the mortgage industry. Our mortgage arrears are being carefully watched. Thus far, they have been kept to a reasonable minimum and at the present time, your Directors and Management are of the opinion that it is not necessary for a reserve for losses to be set up in respect of any of such arrears.

Yours faithfully,

Hamilton, Canada  
21st July, 1978

Sam Foster Ross  
President

## Condensed Consolidated Financial Information (UNAUDITED)

	SIX MONTHS ENDED	
	30 JUNE 1978	30 JUNE 1977
<b>CONSOLIDATED OPERATING RESULTS</b>		
Revenue .....	\$ 6,397,165	\$ 5,460,712
Expenses .....	5,993,472	4,985,101
Operating Profit .....	403,693	475,611
Provision for income taxes .....	81,630	153,630
<b>Net Profit</b> .....	<b>\$ 322,063</b>	<b>\$ 321,981</b>
Attributed to — Preference shares .....	100,000	100,000
— Common shares .....	222,063	221,981
	<b>\$ 322,063</b>	<b>\$ 321,981</b>
<b>CONSOLIDATED FINANCIAL POSITION</b>		
<b>Deposits, Debentures and Guaranteed Investment Certificates</b> .....	<b>\$ 127,329,598</b>	<b>\$ 108,681,564</b>
<b>Cash, bonds and other liquid assets</b> .....	<b>\$ 31,528,703</b>	<b>\$ 24,003,208</b>
<b>Mortgages</b> .....	<b>\$ 102,271,150</b>	<b>\$ 91,158,652</b>
<b>Capital and Reserves</b> .....	<b>\$ 7,370,801</b>	<b>\$ 7,044,156</b>
<b>Total Assets Under Administration</b> .....	<b>\$ 189,814,537</b>	<b>\$ 148,103,320</b>